

Guidelines for Processing Leave Balances for Employees Approved for Long Term Disability Business Practices

Revised 9/10/13

Payout of Leave Balances

When an employee is determined eligible for Long Term Disability (LTD), he/she shall be paid for all annual leave, compensatory hours and excess hours in one full lump sum payment unless the employee requests in writing to receive it upon separation from State employment. The employee's LTD benefit check will not be adjusted as a result of this payout regardless of when the payout is received. If the employee returns to work within one year after the last day worked, he/she has the option of buying back annual leave at the current hourly rate.

If the employee has Converted Sick Leave hours still remaining at the time of LTD eligibility, he/she has the option to receive a lump sum payout of all or part of the balance or keep the balance intact to pay for health and life insurance upon retirement. The payout shall be at the employee's hourly rate at the time of LTD eligibility.

Unused sick leave balances may not be paid out at any time. If an employee retires, he/she is eligible for the 401(k) contribution, the purchase of health and life insurance, and/or money placed in a Health Reimbursement Account (HRA) as described in DHRM Rule R477-7-6. This benefit only applies to employees who have Program I or Program II sick leave balances.

Retirement Benefits

An employee approved for Long Term Disability who retires directly from LTD, will have the same rights to the purchase of continuing health/life insurance, and the purchase of a Medicare Supplement as if he/she had actually worked during the years of disability. As with all retiring employees, these benefits are subject to eligibility requirements, such as the age of the employee and spouse upon retirement and the number of Program I Sick Leave and Converted Sick Leave hours available to purchase the insurance (see DHRM Rule R477-7-6).

HR Specialist Responsibilities Upon LTD Approval

When HR is notified that an employee is approved for LTD, the HR Specialist should send an LTD Notification letter along with the [Request for Payment of Leave Balances form](#) and the [Documentation of Sick Leave and Converted Sick Leave form](#). The HR Specialist should enter the employee's name, employee ID#, agency, low org, job title, rate of pay, LTD effective date, separation date (if applicable), anticipated retirement date (if applicable) and the existing leave balances. It is recommended for the HR Specialist to highlight the sections that must be completed by the employee to include his/her signature on both forms as well as marking the applicable check boxes. Once both forms

are completed and signed by the employee, they should be uploaded to HRDocs under "Medical" and provide the converted sick leave election in the termination ePAR comments.

The [Request for Payment of Leave Balances](#) form documents whether the employee wants payment of annual leave, excess hours and compensatory hours at the time of LTD approval or when terminated from state government at the end of the six months of medical leave. It will also document whether the employee wants to receive a payout for Converted Sick Leave or to retain the balance until retirement for the purchase of health/life insurance.

Pay-outs should be paid at the employee's current rate of pay.

The [Documentation of Sick Leave and Converted Sick Leave](#) form should be filled out even if there are no balances remaining. The purpose of this form is to document any sick leave and converted sick leave hours the employee will have available upon retirement for the purchase of health/life insurance. It will also document the rate of pay the employee had at the time of LTD approval in case a payment becomes necessary.

Once the [Documentation of Sick Leave and Converted Sick Leave](#) form is completed and signed by the HR Specialist and the employee, Retain a copy in the agency employee file and give a copy to the employee. If employee is beginning leave without pay, submit an ePAR with the "Begin LWOP" action reason with detailed comments regarding leave payouts. If employee is already in a leave without pay status, submit an ePAR to ERIC using the action reason "Other" and instruct ERIC staff regarding any leave payout details.

Once the employee enters a full pay period of Leave Without Pay, the HR Specialist should complete an ePAR to place the employee in a LWOP (inactive) status in HRE. Comments in the ePAR must include details about the employee's leave elections. This action should trigger ERIC to process all requested leave balance payouts in SAP.

If the employee did not elect to receive payment of converted sick leave hours when LTD approval occurred; the employee should be given the opportunity to do so upon termination from State employment. At that time, a new [Documentation of Sick Leave and Converted Sick Leave](#) form should be completed and sent to PEHP-LTD for the employee's LTD file to document whether the employee chooses to receive payment of converted sick leave or save the converted sick leave to purchase health insurance or obtain Health Reimbursement Account (HRA) money upon retirement.

Employee Resources Information Center (ERIC) Responsibilities Upon Retirement

Complete the Retirement Worksheet found in the benefits section on DHRM's web page and document any payout the retiree wishes to receive upon retirement. Instructions for completing the Retirement Worksheet can be found on DHRM's web page. Payouts will be calculated at the same rate as when the employee was approved for LTD. The retiree

may purchase health insurance with Program I sick leave/converted sick leave balances and/or money that was placed in a Health Reimbursement Account (HRA) from Program II sick leave in accordance with DHRM Rule R477-7-6.

If the employee does not have Program I or Program II sick leave/converted sick leave, they may choose to pay the full price to purchase retiree health insurance for themselves, their spouse, or their family members depending on their age or their circumstances.

REQUEST FOR PAYMENT OF LEAVE BALANCES FOR EMPLOYEES APPROVED FOR LONG TERM DISABILITY

When an employee is approved for LTD, all annual leave, compensatory hours and excess hours are paid out in one full lump sum payment unless the employee submits a written request to delay the payout until separation from State employment, which usually occurs six months after the last day worked. The employee's disability check will not be adjusted as a result of this payout regardless of when the payout is received. If the employee returns to work prior to one year after the last day worked, the employee has the option of buying back any annual leave paid out.

If the employee has Converted Sick Leave hours still remaining upon approval of LTD, the employee has the option to receive a payout of the hours upon LTD approval, delay the payout until separation from State employment, or retain the balance until the employee retires for use in purchasing health/life insurance or a Medicare Supplement.

Sick leave balances may not be paid out at any time.

(To be completed by Employee)

- ☐ I wish to receive a lump sum payment of my leave balances NOT including Converted Sick Leave hours at the time of LTD approval.
- ☐ I wish to receive a lump sum payment of my leave balances INCLUDING Converted Sick Leave hours at the time of LTD approval. ☐ Program I ☐ Program II
- ☐ I wish to defer the lump sum payment of my leave balances until my medical leave of absence has expired and I am separated from State employment.

Employee Signature

Date

(To be completed by Human Resource/Payroll representative)

Employee Name: _____ Employee ID#: _____

Agency: _____ Loworg: _____

Job Title: _____ Rate of Pay: _____

LTD Effective Date: _____ Separation Date: _____

Leave balances available for payout at time of LTD approval:

Annual Leave Hours _____ Program I Converted Sick Leave _____

Excess Leave Hours _____ Program II Converted Sick Leave _____

Comp Leave Hours _____

Total Leave Hours to be Paid Out _____ X _____ = \$ _____
(Rate of Pay) (Lump Sum Payout)

Date of Payout: _____

HR/Payroll Representative Signature

Date

DOCUMENTATION OF SICK LEAVE AND CONVERTED SICK LEAVE FOR EMPLOYEES APPROVED FOR LONG TERM DISABILITY

An employee approved for Long Term Disability who retires directly from LTD will have the same rights under UCA 67-19-14 to the unused sick leave at retirement benefits in place in DHRM rule on their retirement date as an active employee who retires on the same date. As with all retiring employees, these benefits are subject to eligibility requirements, such as meeting URS retirement eligibility, the age of the employee and spouse upon retirement, and the number of Program I Sick Leave and Converted Sick Leave hours remaining in the employee's leave balances on their retirement date. The following information is being collected to capture the employee's Sick Leave and Converted Sick Leave balances at the time he or she is approved for LTD for possible future use at retirement.

Check one: ☐ Original form (at time of LTD approval)

☐ Updated form (at time of employee's termination)

Employee Name: _____ Employee ID#: _____

Agency: _____ Unit number: _____

Job Title: _____ Rate of Pay: _____

LTD Effective Date: _____ Separation Date: _____

Anticipated Retirement Date (if applicable): _____

Program I Sick Leave _____ Program I Converted Sick Leave * _____

Program II Sick Leave _____ Program II Converted Sick Leave * _____

* If the employee receives a cash payout of Program I/II Converted Sick Leave at the time LTD is approved, document only the hours remaining after the cash payout. When the employee elects to defer the cash payout of Program I/II Converted Sick Leave until the medical leave of absence has expired and he/she is separated from State employment, this form must be updated to reflect the new balances.

Name of Person Completing Form (please print)

Signature of Person Completing Form

Date

Employee Signature

Date

Original: PEHP/LTD

Copies: Employee, DHRM Field Office, Employee Personnel File

(Revised 9/21/10)